

Key Facts on Public Pensions in Iowa

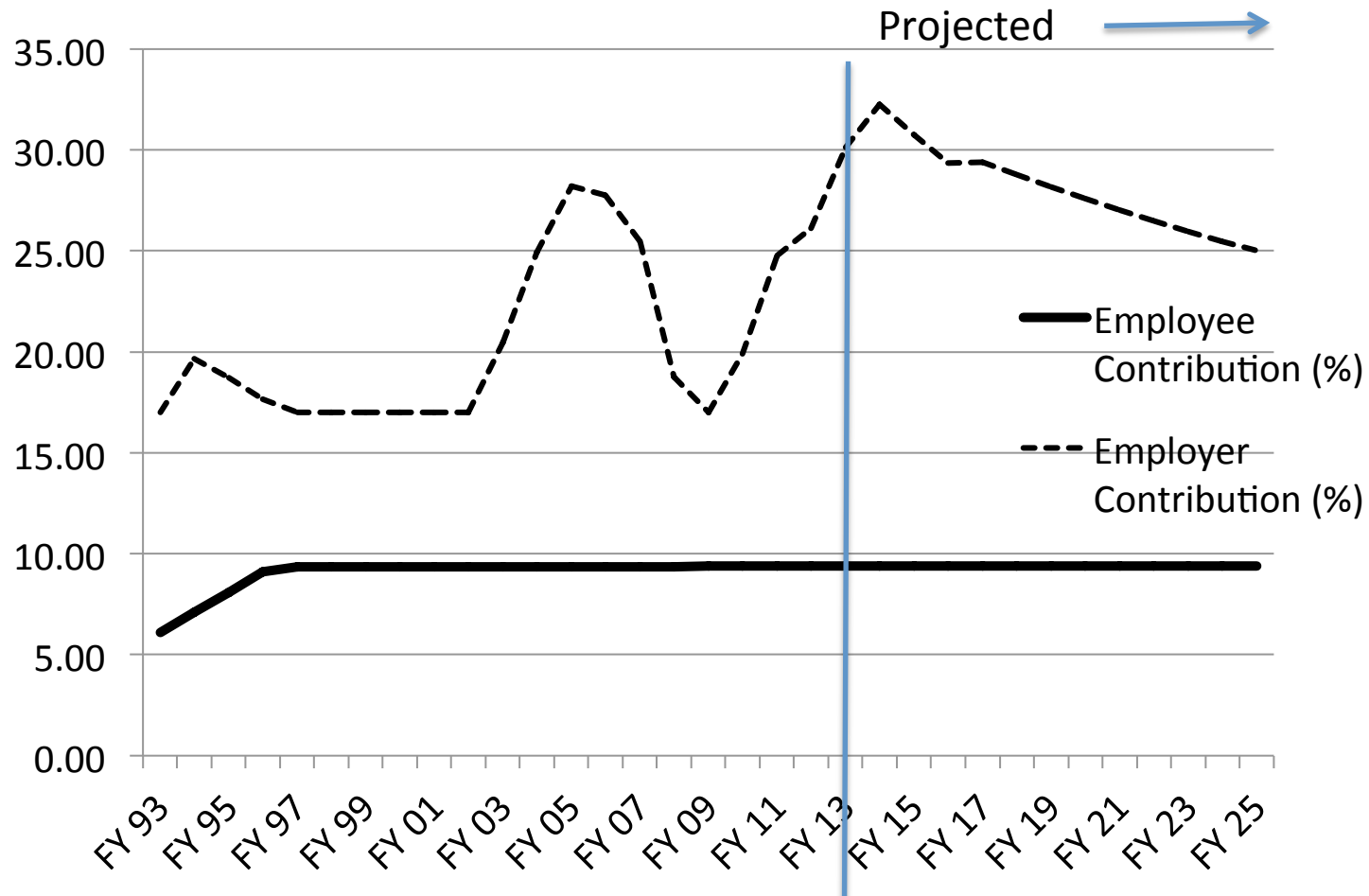
Iowa Legislative Retirement Systems Committee
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TAXPAYERS

ASSOCIATION

■ of Central Iowa ■

MFPRSI Payroll Contribution, Cities and Employees, Historic and Projected



Taxpayers will be funding at 25-30 percent above salaries for at least the next ten years, assuming a 7.5 percent return on investment.

Source: MFPRSI Financial Report to Iowa General Assembly, January 14, 2013

Examples of 411 System Impacts in Central Iowa

Des Moines

- Cut back library service by closing each library an additional day each week
- Reduced mowing and trash collection in city parks
- Cut back on street cleaning
- Eliminated a medic squad
- Raised property taxes

West Des Moines has not been able to staff a newly built fire station for the past three years

Urbandale raised taxes three years in a row specifically to pay for police and fire pension costs

IPERS vs. 411 Plan July 1, 2013

CITY Contributions (Percent of Payroll)

	IPERS Police & Fire Employee	411 Plan Employee
Plan Contribution	10.14	30.12
Social Security	6.20	0.00
Medicare	1.45	1.45
Worker's Comp (1)	9.81	0.00
Disability Medical (2)	0.00	7.02
Total	27.60	38.59

EMPLOYEE Contributions (Percent of Payroll)

	IPERS Police & Fire Employee	411 Plan Employee
Plan Contribution	6.76	9.40
Social Security	6.20	0.00
Medicare	1.45	1.45
Total	14.41	10.85

Iowa's Total Unfunded Public Pension Liability FY 2012

	System Estimates (\$ Billions)	Moody's Estimate (\$B)
IPERS	5.916	11.8
MFPRSI	.655	
PORS	.187	
Judicial	.053	
TOTAL	\$6.811	\$13.6?

Comparison of Methods and Assumptions

	IPERS	MFPRSI	Police Officers' Retirement	Moody's
Actuarial Cost Method	Entry Age Normal	Entry Age Normal (was Aggregate prior to 2011)	Entry Age Normal	
Amortization Period	30 years, open (to close in 2014)	25 years, open (was 30 years prior to 2012)	30 years, closed	20 years, closed
Amortization Basis	Level percentage	Level dollar	Level percentage	Level dollar
Discount Rate	7.5%	7.5%	8.0%	5.6%
Mortality Tables	RP 2000	1/3 1971; 2/3 1994	RP 2000	

Benefit Enhancements in 411 System

	Prior Year	Multiplier	Multiplier	Max.
Date	Funded Status	First 22 Years	23 - 30 Years	Percentage
1995	94%	2.73%	0.6%	64.8%
1998*	106%	2.73%	1.5%	72%
2000	107%	3.0%	1.5%	82%
2006	92%	DROP Program instituted		
2009	99%	Cancer presumption added		

* Also in 1998 the requirements for receiving maximum disability were eased.

Conclusions

Promises that have already been made (for work that has already occurred) need to be kept. Prospective changes can protect public employees and help assure this will happen.

The percent of Fortune 500 companies with defined benefit plans has decreased from 89 percent in 1985 to 13 percent today.

Experience in Detroit and other cities shows there is some upper limit in the public sector, too, before the entity fails, i.e. public services are no longer adequate.

Iowa has started down this path.

A comprehensive review of all of Iowa's public pension system goals and structures is needed while the situation is still manageable. Lots of innovation is occurring, and resources are available to assist.